S. HRG. 101-1034

NOMINATION—FMC

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

CHRISTOPHER L. KOCH, TO BE CHAIRMAN, FEDERAL MARITIME COMMISSION

OCTOBER 2, 1990

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NOMINATION—FMC

TUESDAY OCTOBER, 2, 1990

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 10:05 a.m. in room SR-253, Russell Senate Office Building, Hon. John Breaux presiding.

Staff members assigned to this hearing: Harold Creel, staff counsel, and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY HON. SENATOR BREAUX

Senator BREAUX. The Committee will please come to order.

This morning, the Committee on Commerce, Science, and Transportation is meeting to consider the nomination of Christopher Koch, to be Chairman of the Federal Maritime Commission. Mr. Koch has been nominated to take the place of Jim Carey, whose term has just expired. Mr. Carey has done a fine job at the Commission, and we wish him well in his next endeavors.

If Mr. Koch is confirmed, the Federal Maritime Commission will have a full complement of commissioners and an appointed Chairman for the first time in quite a while. We will be watching with interest as the FMC, now in full operating order, pursues its mission in the next Congress.

Among the issues that both the Federal Maritime Commission and the Congress will be addressing in the next Congress is that of the review of the Shipping Act of 1984 by the Advisory Commission on Conferences in Ocean Shipping. The Advisory Commission will specifically address the question of whether the Nation would be best served by prohibiting conferences in ocean shipping or by closed or open conferences.

All of the members of the Advisory Commission from the Congress have been appointed, including myself. As soon as the White House makes its final appointment, we will be able to get started on that review. I look forward to working with the FMC on this issue next year.

Mr. Koch, your experience in the Senate, especially your role in the passing of the Shipping Act of 1984, should be a great asset to the Commission. We welcome you to the Committee and look forward to your testimony.

I note that you are accompanied by two distinguished Members of our Senate colleagues, and we welcome their presence here, too.

I would also just say—and this is not in my script—that Chris and I go back a long time. In a very bipartisan way, we have

worked together on a number of maritime and fishing issues over the years. I personally am delighted. I know that Senator McCain is probably not so delighted that Chris is leaving his services. But I think it is fortunate that we have someone who has the legislative experience, a person who is really a product of the Congress to now serve in an administrative position. I think it will serve everyone very well.

You are certainly most qualified, in my opinion, and we are delighted to have you before the Committee.

Senator Kasten, do you have any comments?

OPENING STATEMENT BY SENATOR KASTEN

Senator KASTEN. Mr. Chairman, thank you.

I just said a moment ago to Chris that this is a day that a number of us have been waiting for, including the two gentlemen on his left and right, for a number of months, for quite a long time, and I could even say almost years. I am pleased to heartily endorse the President's nomination of Chris Koch to the Federal Maritime Commission, Mr. Chairman.

As you pointed out, many of us on this Committee have worked with him for years, as administrative assistant to both Senator Gorton and Senator McCain. He has the administrative background, but, more importantly, the familiarity with a number of maritime issues that will make him, I believe, an excellent Commissioner.

I hope, Mr. Chairman, that we can work for quick Committee action on this nomination and then full Senate action so that this important post can be filled as soon as possible, and, most importantly, so that this important post can be filled and Chris can participate before we leave, whether it is on the 12th or the 19th, whenever it is going to be. It seems to me that we have our deadline and we want to confirm this nomination before the Congress adjourns.

I look forward, first of all, to voting for and supporting Chris for this important post, and also doing everything I can to see that this nomination proceeds with dispatch.

Thank you, Mr. Chairman.

Senator BREAUX. You are not suggesting that Senator McCain and Senator Gorton are just trying to get rid of him, are you?

We are delighted to have our two colleagues here. Whoever wants to go first, do so.

Senator McCain.

OPENING STATEMENT BY SENATOR McCAIN

Senator MCCAIN. Thank you, Mr. Chairman.

I do, as you mentioned, view with very mixed emotions this nomination. If I might, I would make a couple of comments concerning Chris' experience with maritime matters. As you know, this goes back to his work with Senator Magnuson many years ago.

Recently, obviously, we have been awaiting the next earthquake in Arizona, so that he could have more involvement in maritime issues.

I also feel that Chris brings a lot of great strengths to the job. I think that his reputation for bipartisanship, which you mentioned, is going to be not only helpful but critical as you address the very difficult issues that face this Nation. Without waxing philosophical, clearly we are a maritime nation. Clearly, with the end of the Cold War these issues of trade and commerce, which are mostly seaborne, will attain a much larger degree of importance to our national economy.

After I finished deprogramming him from Senator Gorton's tutelage, he did a very fine job for me.

Every once in a while, as you know, around here, Mr. Chairman, you not only work with somebody for a long time, but you become very close friends. Chris and I have become very close friends. I will miss him very much. But I am also proud that the President has asked him to serve, and that you and other Members of the Committee so wholeheartedly endorse him. I think he is destined to positions of greater responsibilities in the future, and I very much appreciate the contributions that he has not only made to me but on behalf of the people of Arizona.

So, I also would appreciate your rapid consideration of his nomination. I do appreciate your courtesy during this very busy time of holding this hearing.

Thank you, Mr. Chairman.

Senator BREAUX. Well said, and we thank you, Senator.

Senator Gorton.

OPENING STATEMENT BY SENATOR GORTON

Senator GORTON. Mr. Chairman, unlike Senator McCain, I don't have mixed motivations or mixed feelings about being here this morning. This gives me an opportunity, after almost two years, to get rid of the envy I have had for Senator McCain and his staff. As a consequence, I am delighted to recommend Chris Koch to you for this position.

When I began here in the Senate in January of 1981, I ended up in the position of the Subcommittee Chairmanship which you now hold, equally lacking in biases and knowledge about the subject of the Merchant Marine of the United States.

Chris was one of two people whom I asked to stay on with my staff from that of Senator Magnuson, as my chief legislative assistant. He worked in that position and later as my administrative assistant on what became the Merchant Marine Act of 1984. That was a sometimes frustrating, but ultimately rewarding, experience for me to learn about the subject and to make constructive moves in creating a better climate for the Merchant Marine and for its customers in the United States.

Chris played, by far, the most important part in that set of activities by reason of the experience which he had gained with Senator Magnuson and with this Committee. But, of course, first, as the number one staff member for the Senator from the State of Washington and then in the same position for the State of Arizona he has gained as broad a set of experiences, I expect, as has anyone who has served on the staff of a Senate Committee or for a Senator of the United States.

He understands the legislative process; he understands the administrative process; and he understands the impact on the private world which we serve of the kind of actions which are taken by government.

So I think, Mr. Chairman, that it would be difficult to find any person even equally qualified for this position at the present time, and I believe that he will hold the job in distinguished fashion and will do us a great good on this Committee and in the United States in our further attempt to improve the Merchant Marine.

Senator BREAUX. Also well said. Thank you very much, Slade and John, both, for your appearances on behalf of Chris. Certainly you all would be excused at this point.

Senator Hollings could not make the hearing but he has asked to have his opening statement inserted in the record.

[The statement, biographical sketch, and questions and answers follow:]

OPENING STATEMENT BY THE CHAIRMAN

The purpose of this hearing before the full Committee today is to consider the nomination of Mr. Christopher Koch to be a member of the Federal Maritime Commission (FMC).

The FMC is charged with the administration of the regulatory provisions of the shipping laws. As an independent regulatory commission, the FMC is responsible, among other things, for reviewing the tariff filings of ocean common carriers engaged in the foreign commerce of the United States, protecting the rights of U.S.-flag shipping companies to transport cargoes in the U.S. foreign oceanborne trades and the exclusively foreign trades, and investigating discriminatory rates in the foreign and/or domestic offshore commerce of the United States.

I applaud the FMC's efforts to ensure that U.S.-flag vessels can compete in a fair marketplace—unencumbered by discriminatory measures imposed by foreign governments. Given the current state of the U.S.-flag maritime industry, the FMC's stringent enforcement of the provisions of U.S. law prohibiting such conduct is more important now than ever before. Also, the changing world order, especially the reunification of Germany, makes the role of the FMC critical in ensuring that U.S.-flag vessels have a level playing field on which to compete.

I hope that, if confirmed, the nominee before us today will continue to pursue the aggressive enforcement of the FMC's legal authorities with all diligence. I look forward to hearing the testimony of the nominee.

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Koch (Last) Christopher (First) Louis (Other)

   Address: 2613 North Upshur Street (Current residence) U.S. Senate SR-111 (Business)

   Arlington, Virginia 22207 Washington, D.C. 20510

2. Position to which nominated: Federal Maritime Commission, Chairman — Date of nomination: 9/12/90

3. Date of birth: August (month) 12 (day) 1953 (year) — Place of birth: Berkeley, California

4. Marital status: Married — Full name of Spouse: Lynn Marie Koch

5. Names and ages of children: Owen William Koch - Age 8
   Marshall Evan Koch - Age 6
   Julianne Wray Koch - Age 4

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Washington Law School	9/75-6/77	J.D.	1977
University of Miami Law School	9/74-6/75	-	
University of Calif., Santa Barbara	9/70-6/74	B.A.	1974

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
1/87	present	Senator John McCain	U.S. Senate	Administrative Assistant
3/83	1/87	Senator Slade Gorton	U.S. Senate	Administrative Assistant
12/81	3/83	Bogle & Gates	Seattle, Washington	Attorney
1/81	12/81	Senator Slade Gorton	U.S. Senate	Legislative Director
12/79	1/81	Senator Warren Magnuson	U.S. Senate	Legislative Director
9/77	12/79	Senate Commerce Committee	U.S. Senate	Counsel

See attachment

8. Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

See answer to question 7 which details government employment

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

a) Senate Whip, Bush-Quayle Presidential campaign 1988

b) As Chief of Staff of his Senate office, I was involved in a supportive capacity in Senator Slade Gorton's 1986 reelection campaign.

c) I have contributed financially to Andy McLaughlin's campaigns in Washington State for the offices of State Treasurer (1988) and State Senator (1990).(Less than $100)

d) I have contributed financially to the Virginia State Republican Party(less than $100

e) I contributed to the reelection campaign of then Congressman John Breaux ($300 in 1982).

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Nature Conservancy 1983 to present

National Trust for Historic Preservation 1981(?) to present

University of Washington Alumni Association 1977 to present

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Order of the Coif 1977

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

See attached page

ATTACHMENT

Question 7:

From	To	Name of Employer	Address	Type of Work
6/76	9/76	Lane, Powell, Moss & Miller	Seattle, WA	Law Clerk
6/75	9/75	Camping Construction Company	Oakland, CA	Laborer

Question 12:

1) Legal Tools and Restrictions Affecting Fisheries Management, Fisheries Management: Issues and Options, University of Alaska Sea Grant Report 85-2, April 1985

2) Fishing Industry Development and Governmental Assistance, Oceans Policy Study Series, Number 2, Center for Oceans Law and Policy, University of Virginia School of Law, November 1984

3) Regulation of Vessels in the United States Fishing Industry: Its Effect on Utilization of the Nation's Fisheries Potential, Journal of Maritime Law and Commerce, Volume 14, No. 3, July 1983

4) A Constitutional Analysis of Limited Entry, Limited Entry, a Fishery Management Tool, University of Washington Press 1978

5) Judicial Review of Fishery Management Regulation Under the Fishery Conservation and Management Act of 1976, Washington Law Review, Volume 52, Number 3, July 1977

4

13. Speeches: Identify each speech which you have given during the past 3 years, the organization to which the speech was given, and supply two copies of each speech.

None

14. Qualifications: State what, in your opinion, qualifies you to serve in the particular position to which you have been nominated.

This position requires administrative ability, an ability to work with various persons with different opinions and objectives, an appreciation of our maritime industry, laws and the interests they serve, and an ability to coordinate with the Congress.

During the past 13 years, I have worked in and out of government developing those skills. I have practiced law, worked as counsel handling maritime issues for the Senate Committee on Commerce, Science and Transportation, and worked as a legislative and administrative coordinator for three different members of the Committee of both political parties. I have an appreciation of the Federal Maritime Commission, the role it plays in our government's maritime policy, and the importance of its mission to the maritime industry and shipping interests.

ANSWERS TO QUESTIONS
SUBMITTED BY THE SENATE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION
PRIOR TO THE NOMINATION HEARING OF
CHRISTOPHER L. KOCH
TO THE FEDERAL MARITIME COMMISSION

1. Why do you wish to serve on the Federal Maritime Commission (FMC)?

I have been involved in public service for the majority of my working years, and I fully appreciate the rewards and challenges public service can offer. I am familiar with the maritime industry, the problems it faces and the difficulties in resolving these problems. I believe that the Federal Maritime Commission plays a vital role in our overall maritime program, and I would like to offer my experience and leadership to assist the Commission in fulfilling its statutory mandates.

2. What skills or experience do you possess that you believe qualify you to be an FMC Commissioner?

A Commissioner, and particularly the Chairman, of the FMC must be a good administrator, capable of working with various persons having different opinions and objectives. In addition, such a person must appreciate the laws relating to our maritime industry and the interests they serve, and be able to work with Congress. For the past 13 years, I have worked in and out of government developing those skills. I have practiced law, served as counsel to the Senate Committee on Commerce, Science, and Transportation handling maritime issues, and worked in key positions for three different members of the Committee. I fully appreciate the role the FMC plays in our overall maritime policy, and recognize its importance to the maritime industry and shipping interests.

3. What goals do you hope to accomplish as a Commissioner at the FMC?

As a Commissioner and Chairman, I would first ensure that the Commission continues to faithfully execute the statutes entrusted to it, and I intend to work very closely with my fellow Commissioners. I intend to lead the Commission in its efforts to assist Congress in its review of the Shipping Act of 1984. In this time of dynamic, global economic change, I will also seek to ensure that U.S.-flag carriers, shippers and other U.S. interests are relieved from the effects of unfair foreign maritime practices by using the various tools available to the Commission. Lastly, I recognize the high regard of the Commission held by most people involved with the maritime industry, and I will dedicate myself to making sure the FMC is an effective, professional and hard-working agency.

4. What major issues do you see presently confronting the FMC?

One of the major issues confronting the FMC will be the Congressional review of the 1984 Act. The Commission has submitted its statutorily mandated report to Congress on the impact of the 1984 Act and will be working with the Advisory Commission on Conferences on Ocean Shipping and the Congress to evaluate and possibly improve this landmark legislation.

The Commission will also have to deal with the effects of ongoing international changes on our foreign commerce. The economic unification of Europe in 1992, the continuing democratization of Eastern Europe, and the Soviet Union's reentry into our maritime commerce could each have significant consequences and must therefore be followed closely by the FMC. The Commission must be prepared to act to protect our interests in our foreign commerce.

7. Do you believe that the FMC possesses sufficient statutory authority with which to address unfair foreign maritime practices?

The Commission can presently address unfair foreign maritime practices through section 19(1)(b) of the Merchant Marine Act, 1920, section 13(b)(5) of the 1984 Act, and the Foreign Shipping Practices Act of 1988 ("FSPA"). These statutes together provide the Commission with an impressive and complete array of weapons with which to address and correct such practices.

I understand that there may be some ways to improve and clarify these laws, and some proposals to do so are presently pending before Congress, but the basic statutes provide a fundamentally solid statutory framework to use against unfair foreign maritime practices.

5. What do you see as your role in formulating the policy of the FMC?

The Federal Maritime Commission is an independent regulatory agency that implements the policies of Congress as reflected in the various shipping statutes. To the extent that the Commission formulates policy, it does so either by determining when and how to apply the statutes entrusted to it or by determining how to allocate its limited resources. I intend to work very closely with my fellow Commissioners in making these decisions, but, as Chairman, I will also be in a position to exercise a leadership role.

6. Do you believe that the FMC can play a role in reversing the decline of the U.S. maritime industry in foreign commerce? If so, how?

The Maritime Administration in the Department of Transportation has the responsibility for promoting the U.S.-flag merchant marine. The principal role for the FMC in this regard is to be ready and willing to apply its statutory authority to stop and prevent practices by foreign governments or foreign entities that discriminate against or otherwise create unfavorable conditions for, the American merchant marine, American shippers and our foreign commerce. If the Commission enforces its statutes in such a way that it creates an equitable trade environment, this should benefit U.S. maritime interests. The U.S. merchant marine must be allowed to compete on an equal basis with foreign carriers, and I believe that it can do so.

Senator BREAUX. We are very pleased, Mr. Koch, to have you again back before the Committee, sitting on that side of the table. We are pleased to hear your comments.

STATEMENT OF CHRISTOPHER L. KOCH

Mr. KOCH. Thank you, Mr. Chairman.

I was mentioning to John and Slade that it has been 11 years since I sat down at this table to present to the Committee from this particular angle.

I have a short statement that I would like to deliver and then would be open for any questions.

I am very proud to have been nominated by President Bush to be a member and Chairman of the Commission. I am also, I should add, equally proud to have had the privilege and the experience of working for Senators McCain and Gorton. I will do everything in my power to justify the President's trust in me and, hopefully, this Committee's trust as well.

The FMC will be addressing a number of significant issues in the near future, Mr. Chairman. It has been my experience, in talking with the existing Commissioners to date, that there is a solid group of excellent people down there whom I intend to work with closely. I should also point out that it has been made very easy for me in this transition stage to be working with Jim Carey, who has been wonderful to me. He has been an excellent Chairman down there and has been a class act in working with me during this transition period.

One of the issues the Commission will be reviewing will be the Shipping Act of 1984. The Commission has submitted its report on the effects of the 1984 act, as required by that act, and the Advisory Commission on Conferences in Ocean Shipping, which you mentioned you are a member of, will soon be fully staffed and operating.

Congress will then have the opportunity to determine what changes, if any, may be warranted in the 1984 act. Given my experience with the legislative process that led up to that act, I believe that I will be well suited to lead the Commission and to assist the Congress during this review.

Second, changing events in the international arena during the next few years could also have significant impacts on the United States waterborne foreign commerce and on the Commission's role in regulating this industry. The ongoing developments in Europe could affect transportation conditions for American importers and exporters as well as U.S. flag carriers. In addition, as a result of the recently negotiated maritime agreement between the United States and the Soviet Union, we are likely to see an increased presence of Soviet liner operators in our cross trades. The Commission must be vigilant during these times and be prepared to exercise its authority to combat all practices of foreign carriers and governments detrimental to U.S. transportation interests wherever they may occur. This includes insuring a level playing field for the American merchant marine.

Third, the Commission has been quite active over the past few years in its enforcement activities, as is well known. These efforts

appear to be having a positive impact on our foreign trades and, if confirmed, I would continue to support an effective, aggressive enforcement policy.

Fourth, I am informed that the Commission's automated tariff filing and information system is moving ahead on schedule. This system, which has been long awaited, will modernize the filing of tariffs and the Commission's ability to analyze the data. As a result, both the Commission and the shipping industry should be better able to meet their obligations under our shipping statutes.

The Federal Maritime Commission's role in regulating various aspects of the maritime industry is obviously important. About $240 billion worth of goods come into our country via maritime commerce every year, and 95 percent of our exports and imports travel in our maritime commerce.

I look forward to working with the other Commissioners and with the Congress in insuring that the Commission performs its functions efficiently and effectively, to the ultimate benefit of our foreign commerce, and that it faithfully administers the laws that the Congress has entrusted to it.

I would be pleased to answer any questions you may have.

Senator BREAUX. Thank you very much, Mr. Koch.

Before we get on to our questions, I note that the third Senator from Louisiana is here. We are delighted to have him here.

Do you have any opening comments that you might want to make at this time, Senator Stevens.

Senator STEVENS. No good stone goes unturned.

Good morning, Chris, and my apologies for being late.

Mr. Chairman, I am pleased to be here to be part of the hearing on this young man's nomination. He very much deserves this opportunity and I am pleased to see it.

Thank you.

Mr. KOCH. Thank you, Senator.

Senator BREAUX. I think it is pretty unanimous, our feelings about Chris. We are just delighted that this appointment has been made. We expect fairly speedy action from our Committee and I think we will be able to get to this and get it done prior to the time we adjourn, whenever that may be.

Let me ask just a couple of questions, Chris, just to kind of get a sense of where you might be coming from on some of the issues.

As you may be aware, the United States is currently engaged in the Uruguay Round of negotiations on the GATT talks, the General Agreement on Tariffs and Trade. One of the issues that is facing the negotiators is whether the maritime services should be excluded from those negotiations. I think now 51 Senators have signed a letter saying that we feel it should not be included.

I was just wondering if you have any thoughts as to whether it should or should not be.

Mr. KOCH. Mr. Chairman, if the maritime services were included within the GATT umbrella, it is my understanding that the existing tools that the Commission presently administers to protect our maritime shipping interests would no longer be available to this country. For that reason I think it would be a mistake.

Senator BREAUX. After the passage of the Shipping Act of 1984, which we mentioned in our opening comments, the FMC at that

time then embarked on rather aggressive enforcement practices, emphasizing and targeting some of the major industry malpractices in certain of the trade routes. Give me some expression as to how you feel as to whether the FMC should continue pursuing those in an aggressive manner, or do you think it can be accomplished through other types of methodology than we are currently using at the Commission.

What is your general feeling as to how we should pursue those alleged malpractices in the trade routes?

Mr. KOCH. It seems to me, Mr. Chairman, that Congress passed the law the way it did because it wanted to enforce the way it had written it. I think the Commission has done an admirable job over the last several years of enforcing it aggressively.

My understanding is that they have cleaned up the Atlantic trade to some good effect and the recent settlements in the Pacific trade obviously show an aggressive enforcement effort. Hopefully, the efforts of these activities will be aimed, not so much at simply collecting a large amount in penalties, which obviously is nice from the OMB perspective, but, more importantly, to get the trades clean. When the trades are clean, hopefully the U.S. maritime interests are all well served.

It would be my intent to work with the existing Commissioners to continue aggressive enforcement of the law, and to fight the foreign malpractices wherever they are found.

Senator BREAUX. I have one other question with regard to the U.S. and the Soviet Union.

With the signing in June of this year of the U.S.-Soviet Maritime Agreement, Article 6 states that each Nation must afford vessels of the other Nation fair and nondiscriminatory opportunities to compete for commercial cargo.

There has been concern raised by some of our shippers that it is going to be very difficult to protect the competitive rights of the U.S. flag operators under the terms of that agreement in the sense that they are a privately owned company competing against what are essentially government-owned operators who are not concerned with making a profit, as much as just acquiring the largest percentage of the trade as they can.

Do you have any thoughts as to how we ought to be looking at that agreement to make sure that we are protecting our U.S. shippers, their rights, their competitive rights? Or can that be done when you are competing against a government-owned operation?

Mr. KOCH. The experience with the Soviets in the maritime trades in the 1970's led to the passage of the Controlled Carrier Act, which emerged from this Committee. It was designed to try to provide some tools to protect against the predatory pricing that was found at that time.

Under the new bilateral with the Soviets, there is supposed to be an annual consultation with the Soviet Union, led by the Maritime Administration, to review what the targets and expectations are for carriage of cargo. That will be an ongoing annual review.

However, there are other tools available. If the terms of the agreement are not lived up to, the Commission has the statutory authority to review and take action if there are discriminations against American maritime interests. In addition, under the Con-

trolled Carrier Act, there are also tools available to monitor that trade, to weed out predatory pricing if it should be found.

There is a possibility, and this Committee may want to look at it, of one potential loophole in the Controlled Carrier Act. The "just and reasonable" requirements for tariffs that exist under that act that apply to the Soviet shipping exist only for tariffs. There is no protection that exists for service contracts. If the Soviets should come in and want to operate in a nonmarket way and they do it through service contracts, rather than through tariffs, the tools available to the Commission right now may need some assistance.

Senator BREAUX. Thank you.

Slade, do you have any questions?

Senator GORTON. No, thank you.

Senator BREAUX. Senator Stevens, any questions or comments?

Senator STEVENS. No.

Senator BREAUX. Chris, we may have some other things that I will ask you about. I don't want to get into too much detail on anything that is pending right now. But we may have some more that we will ask you just to respond to.

Mr. KOCH. I would be happy to do so.

Senator BREAUX. I think the support that you have among the Members of the Senate who have worked with you over the years is quite clear. I expect that it will be handled in a very precise and quick manner, as far as the confirmation is concerned. I am delighted that you are willing to take this assignment.

It is good to have people who know the Hill and understand the process now working in some of the agencies. We are delighted that you are going to be there.

So, with that, this will conclude this hearing. We will ask the Chairman to move this as forthrightly as he possibly can to confirmation.

Mr. KOCH. Thank you.

[Whereupon, at 10:25 a.m., the Committee adjourned.]

○